

**WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2**

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED**

**JUNE 30, 2009**

**HARRINGTON & ASSOCIATES, LTD.**  
**CERTIFIED PUBLIC ACCOUNTANT**

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2009

Board Members:

Pat Fastnacht - Board President  
Jeff Messmer - Vice President  
David Caffee  
Phillip Edwards  
Carmen Weber  
Linda Willman  
Tate VonEye

Superintendent:

Lance Witte

Business Manager:

Julie Kraft

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
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## CERTIFIED PUBLIC ACCOUNTANT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

School Board  
Wessington Springs School District No. 36-2  
Jerauld County, South Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Wessington Springs School District No. 36-2, Jerauld County, South Dakota, as of June 30, 2009 and for the year then ended which collectively comprise Wessington Springs School District's basic financial statements and have issued our report thereon dated April 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wessington Springs School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School District's financial statements that is more than inconsequential will not be prevented or detected by the School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wessington Springs School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the South Dakota Legislature, state granting agencies, and the governing board and management of the Wessington Springs School District No. 36-2, and is not intended to be and should not be used by anyone other than these specified agencies. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

*Harrington & Associates, PLLC*

Huron, South Dakota

April 29, 2010

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009

PRIOR FEDERAL COMPLIANCE AUDIT FINDINGS:

The prior audit report contained no written audit comments.

PRIOR OTHER AUDIT FINDINGS:

The prior audit report contained no written comments.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009

CURRENT FEDERAL AUDIT FINDINGS:

There are no written current federal compliance audit findings to report.

CURRENT OTHER AUDIT FINDINGS:

There are no written current other audit findings to report.



# **HARRINGTON & ASSOCIATES, LTD.**

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### INDEPENDENT AUDITOR'S REPORT

School Board  
Wessington Springs School District No. 36-2  
Jerauld County, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Wessington Springs School District No. 36-2, Jerauld County, South Dakota, as of and for the year ended June 30, 2009, which collectively comprise Wessington Springs School District's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of Wessington Springs School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Wessington Springs School District No. 36-2 as of June 30, 2009, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated April 29, 2010 on our consideration of Wessington Springs School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and, should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 7 through 15 and 48 through 54, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Harrington & Associates, LTD.*

Huron, South Dakota  
April 29, 2010

## **WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2 MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Wessington Springs School District 36-2 annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2009. Please read it in conjunction with the School's financial statements, which follows this section.

### **FINANCIAL HIGHLIGHTS**

- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs were \$344,484 more than the \$3,056,332 governmental and business-type program expenditures. The tax revenue increase is mostly due to tax land valuations going up, increased enrollment, and increased tuition paid for DDN services.
- The total cost of the School's programs remained comparable to the prior year.
- The general fund reported a \$4,046 increase mainly due to controlling of expenses.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
  - Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The only proprietary fund operated by the school is the Food Service Operation.
  - Fiduciary fund statements provide information about the financial relationships in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Figure A-1 summarizes the major features of the School's financial statements, including the portion of the School government covered and the types of information contained. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1**

**Major Features of Wessington Springs School's Government-wide and Fund Financial Statements**

|   | Government-wide<br>Statements  | Fund Statements  |  |   |
|---|--|--|--|---|
|   |  | Governmental Funds   | Proprietary Funds  | Fiduciary Funds   |
| <b>Scope</b>                                  | Entire School government (except fiduciary funds and the fiduciary component units)  | The activities of the School that are not proprietary or fiduciary such as elementary and high school education programs   | Activities the School operates similar to private businesses, the food service operation                 | Instances in which the School is the trustee or agent for someone else's resources  |
| <b>Required Financial Statements</b>          | *Statement of Net Assets<br>*Statement of Activities                                 | *Balance Sheet<br>*Statement of Revenues, Expenditures and Changes in Fund Balances  | *Balance Sheet<br>*Statement of Revenues, Expenses and Changes in Net Assets<br>*Statement of Cash Flows | *Statement of Fiduciary Net Assets  |
| <b>Accounting Basis and Measurement Focus</b> | Accrual accounting and economic resources focus                                      | Modified accrual accounting and current financial resources focus  | Accrual accounting and economic resources focus  | Accrual accounting and economic resources focus   |
| <b>Type of Asset/Liability Information</b>    | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included   | All assets and liabilities, both financial and capital, and short-term and long-term                     | All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can |
| <b>Type of Inflow/Outflow Information</b>     | All revenues and expenses during year, regardless of when cash is received or paid   | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid                       |   |

## **WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2 MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Government-Wide Statements**

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net assets and how they have changed. Net assets – the difference between the School's assets and liabilities – is one way to measure the School's financial health or position.

- Increases or decreases in the School's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the School you need to consider additional nonfinancial factors such as changes in the School's property tax base and changes in the state school aid funding formula from the State of South Dakota.

The government-wide financial statements of the School are reported in two categories:

- **Governmental Activities** - This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** - The school charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund is the only business-type activity of the School.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the School's most significant funds – not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular purposes.

- State Law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes.

The School has three kinds of funds:

- **Governmental Funds** – Most of the School's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.

**WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- **Proprietary Funds** – Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Enterprise Fund (one type of proprietary fund) is the only proprietary fund maintained by the School.
- **Fiduciary Funds** – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the School's government-wide financial statements because the School cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

**Net Assets**

Table A-1  
Wessington Springs School District 36-2

|   | Governmental       |                    | Statement of Net Assets<br>Business-Type |                 | Total              |                    |
|---|--------------------|--------------------|--|-----------------|--------------------|--------------------|
|   | Activities         |                    | Activities                               |                 |                    |                    |
|   | 2008               | 2009               | 2008                                     | 2009            | 2008               | 2009               |
| Current and Other Assets                        | \$1,973,081        | \$2,308,768        | \$27,798                                 | \$23,421        | \$2,000,879        | \$2,000,879        |
| Capital Assets                                  | 1,400,078          | 1,460,441          | 396                                      | 396             | 1,400,474          | 1,400,474          |
| <b>Total Assets</b>                             | <b>\$3,373,159</b> | <b>\$3,770,209</b> | <b>\$28,194</b>                          | <b>\$23,817</b> | <b>\$3,401,353</b> | <b>\$3,401,353</b> |
| Long Term Debt Outstanding                      | \$18,812           | \$89,288           | \$1,100                                  | \$1,399         | \$19,912           | \$19,912           |
| Other Liabilities                               | 231,748            | 214,672            | 11,530                                   | 6,020           | 243,278            | 243,278            |
| <b>Total Liabilities</b>                        | <b>250,560</b>     | <b>303,960</b>     | <b>12,630</b>                            | <b>7,419</b>    | <b>263,190</b>     | <b>263,190</b>     |
| <b>Net Assets:</b>                              |                    |                    |  |                 |                    |                    |
| Invested in Capital Assets                      | 1,400,078          | 1,361,089          | 396                                      | 396             | 1,400,474          | 1,361,485          |
| Restricted                                      | 725,588            | 901,539            | 15,168                                   | 16,002          | 740,756            | 917,541            |
| Unrestricted                                    | 996,933            | 1,203,621          | -  | -               | 996,933            | 1,203,621          |
| <b>Total Net Assets</b>                         | <b>\$3,122,599</b> | <b>\$3,466,249</b> | <b>\$15,564</b>                          | <b>\$16,398</b> | <b>\$3,138,163</b> | <b>\$3,482,647</b> |
| Beginning Net Assets                            | \$2,894,169        | \$3,122,599        | \$16,557                                 | \$15,564        | \$2,910,726        | \$3,138,163        |
| Increase (Decrease) in Net Assets               | \$228,430          | \$343,650          | (\$993)                                  | \$834           | \$227,437          | \$344,484          |
| Percentage of Increase (Decrease) in Net Assets | 7.89%              | 11.01%             | -6.00%                                   | 5.36%           | 7.81%              | 10.98%             |

**WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the school, consisting of compensated absences payable, have been reported in this manner on the Statement of Net Assets. The difference between the school's assets and liabilities is its net assets.

**Changes in Net Assets**

The district's total revenues (excluding transfers) totaled \$3,400,816 (See Table A-4.) This was a 3.9% increase. Approximately 67% of the district's revenue comes from property and other taxes, with another 18% from state aid. (See Table A-2)

**Table A-2  
Wessington Springs School District 36-2  
Sources of Revenues**

|                                  |                    |                |
|----------------------------------|--------------------|----------------|
| Taxes                            | \$2,285,817        | 67.21%         |
| State Sources                    | 620,324            | 18.24%         |
| Operating Grants & Contributions | 351,598            | 10.34%         |
| Charges for Services             | 75,476             | 2.22%          |
| Miscellaneous                    | 62,133             | 1.83%          |
| Unrestricted Investment Earnings | 5,468              | 0.16%          |
| Total Revenue                    | <u>\$3,400,816</u> | <u>100.00%</u> |

The district's total expenses totaled \$3,046,667. (See Table A-4.) This was a 1.0% increase. The School's expenses cover a range of services, encompassing instruction, support services and food services. The increase is primarily due to increases support services, increased fuel/heating costs, and food service. (See Table A-3)

**Table A-3  
Wessington Springs School District 36-2  
Statement of Expenditures**

|                         |                    |                |
|-------------------------|--------------------|----------------|
| Instruction             | \$ 1,688,638       | 55.25%         |
| Support Services        | 1,087,357          | 35.58%         |
| Cocurricular Activities | 140,755            | 4.61%          |
| Food Service            | 139,582            | 4.57%          |
| Total Revenue           | <u>\$3,056,332</u> | <u>100.00%</u> |

**WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENTAL ACTIVITIES:**

Table A-4 and the narrative that follows considers the operations of the governmental activities.

**Table A-4  
Wessington Springs School District 36-2  
Changes in Net Assets**

|  | <b>Total<br/>Governmental<br/>Activities</b> |                     | <b>Total<br/>Business-Type<br/>Activities</b> |                  | <b>Total</b>        |                     | <b>Total<br/>Percentage<br/>Change</b> |
|--|--|---------------------|---|------------------|---------------------|---------------------|--|
|  | <b>2008</b>                                  | <b>2009</b>         | <b>2008</b>                                   | <b>2009</b>      | <b>2008</b>         | <b>2009</b>         |  |
| <b>Revenues</b>                          |  |                     |   |                  |                     |                     |  |
| Program Revenues                         |  |                     |   |                  |                     |                     |  |
| Charges for Services                     | \$ 18,194                                    | \$ 31,765           | \$ 44,827                                     | \$ 43,711        | \$ 63,021           | \$ 75,476           | 19.8%                                  |
| Operating Grants and Contributions       | 259,405                                      | 254,893             | 81,820  | 96,705           | 341,225             | 351,598             | 3.0%                                   |
| General Revenues                         |  |                     |   |                  |                     |                     |  |
| Taxes                                    | 2,045,498                                    | 2,285,817           | -   | -                | 2,045,498           | 2,285,817           | 11.7%                                  |
| Revenue State Sources                    | 748,097                                      | 620,324             | -   | -                | 748,097             | 620,324             | -17.1%                                 |
| Other General Revenues                   | 64,855                                       | 62,133              | -   | -                | 64,855              | 62,133              | -4.2%                                  |
| Unrestricted Investment Earnings         | 11,408                                       | 5,468               | -   | -                | 11,408              | 5,468               | -52.1%                                 |
| <b>Total Revenues</b>                    | <b>3,147,457</b>                             | <b>3,260,400</b>    | <b>126,647</b>                                | <b>140,416</b>   | <b>3,274,104</b>    | <b>3,400,816</b>    | <b>3.9%</b>                            |
| <b>Expenses</b>                          |  |                     |   |                  |                     |                     |  |
| Instruction                              | 1,739,813                                    | 1,688,638           | -   | -                | 1,739,813           | 1,688,638           | -2.9%                                  |
| Support Services                         | 1,003,545                                    | 1,087,357           | -   | -                | 1,003,545           | 1,087,357           | 8.4%                                   |
| Cocurricular Activities                  | 175,669                                      | 140,755             | -   | -                | 175,669             | 140,755             | -19.9%                                 |
| Food Service/Concessions                 | -  | -                   | 127,640                                       | 139,582          | 127,640             | 139,582             | 9.4%                                   |
| <b>Total Expenses</b>                    | <b>2,919,027</b>                             | <b>2,916,750</b>    | <b>127,640</b>                                | <b>139,582</b>   | <b>3,046,667</b>    | <b>3,056,332</b>    | <b>0.3%</b>                            |
| <b>Increase (Decrease) in Net Assets</b> | <b>\$ 228,430</b>                            | <b>\$ 343,650</b>   | <b>\$ (993)</b>                               | <b>\$ 834</b>    | <b>\$ 227,437</b>   | <b>\$ 344,484</b>   | <b>-51.5%</b>                          |
| <b>Ending Net Assets</b>                 | <b>\$ 3,122,599</b>                          | <b>\$ 3,466,249</b> | <b>\$ 15,564</b>                              | <b>\$ 16,398</b> | <b>\$ 2,910,726</b> | <b>\$ 3,482,647</b> | <b>19.6%</b>                           |



## **WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2 MANAGEMENT'S DISCUSSION AND ANALYSIS**

Revenues for the School's governmental activities increased 4.0% while expenses for governmental activities were relatively unchanged.

### **BUSINESS-TYPE ACTIVITIES**

Net assets of the School's business-type activities increased by approximately \$834. Increases in Ffree & reduced students and increase in the student meal participation due to enrollment increases offset the increases in food expenses.

### **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

The General, and Pension Funds did not have any significant change in fund balance for the year. Capital Outlay fund balance increased by 47% due to increased collections of tax revenues and controlled spending.

### **BUDGETARY HIGHLIGHT**

Over the course of the year, the School Board revised the School budget several times. These amendments fall into two categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

There were budget changes for the year due to needing additional funding for general operating expenses in the General Fund.

### **CAPITAL ASSET ADMINISTRATION**

By the end of 2009, the district had invested \$1,460,441 in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.) There is a 4.3% increase in net capital assets for the governmental activities due to the normal increase in accumulated depreciation and a major purchase of computers. There was no change in the business-type activities capital assets because they are older and are depreciated out.

# **WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2 MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table A-5  
WESSINGTON SPRINGS SCHOOL DISTRICT - Capital Assets  
(net of depreciation)**

|                                   | Governmental<br>Activities |                     | Business-type<br>Activities |               | Total<br>Dollar<br>Change | Total<br>Percentage<br>Change |
|-----------------------------------|----------------------------|---------------------|-----------------------------|---------------|---------------------------|-------------------------------|
|                                   | 2008                       | 2009                | 2008                        | 2009          | 2008-2009                 | 2008-2009                     |
| Land                              | \$ 14,500                  | \$ 14,500           | \$ -                        | \$ -          | \$ -                      | 0.00%                         |
| Buildings                         | 1,147,892                  | 1,100,442           | -                           | -             | (47,450)                  | -4.13%                        |
| Improvements Other Than Buildings | 62,439                     | 54,961              | -                           | -             | (7,478)                   | -11.98%                       |
| Machinery and Equipment           | 175,247                    | 290,538             | 396                         | 396           | 115,291                   | 65.64%                        |
| <b>Total Capital Assets (Net)</b> | <b>\$ 1,400,078</b>        | <b>\$ 1,460,441</b> | <b>\$ 396</b>               | <b>\$ 396</b> | <b>\$ 60,363</b>          | <b>4.31%</b>                  |

This year's major capital asset purchases were a car, laptop computers, scissor lift and wrestling mat.

## **LONG-TERM DEBT**

At year-end the School had \$19,912 in long-term obligations. See Table A-6 below.

**Table A-6  
WESSINGTON SPRINGS SCHOOL DISTRICT - Outstanding Debt and Obligations**

|   | Governmental<br>Activities |                   | Business-type<br>Activities |                 | Total<br>Dollar<br>Change | Total<br>Percentage<br>Change |
|---|----------------------------|-------------------|-----------------------------|-----------------|---------------------------|-------------------------------|
|   | 2008                       | 2009              | 2008                        | 2009            | 2008-2009                 | 2008-2009                     |
| Financing Lease                                   | \$ -                       | \$ 99,352         | \$ -                        | \$ -            | \$ 99,352                 | 100.00%                       |
| Compensated Absences                              | 18,812                     | 18,936            | 1,100                       | 1,399           | 423                       | 2.25%                         |
| <b>Total Outstanding Debt<br/>and Obligations</b> | <b>\$ 18,812</b>           | <b>\$ 118,288</b> | <b>\$ 1,100</b>             | <b>\$ 1,399</b> | <b>\$ 99,775</b>          | <b>102.25%</b>                |

The School is liable for the accrued sick leave payable to the various employees who have five consecutive years or more of employment at the school district.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The School's current economic position has shown little change. With the exception of the general fund, the increase in property valuation allows the School the ability to increase the amount of revenue generated from property taxes, however, the total amount that can be levied, is limited by the State of South Dakota.

**WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

One of the primary sources of revenue to the School is based on a per student allocation received from the State of South Dakota. The state aid formula for the current year ensures that property taxes plus state aid will equal \$4,665 per pupil.

The school's enrollment for the last two years has been as follow:

**Table A-7, Wessington Springs School District ADM  
For the Last Two Years**

| <u>YEAR</u> | <u>ADM</u> | <u>Percent</u> |
|-------------|------------|----------------|
| 2009        | 286        | 5.15%          |
| 2008        | 272        | (4.2%)         |

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Wessington Springs School's Business Office, 302 Dakota Avenue N, Wessington Springs, SD 57382.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

|   | PRIMARY GOVERNMENT         |                             |                     |
|---|----------------------------|-----------------------------|---------------------|
|   | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL               |
| <b>ASSETS:</b>                            |                            |                             |                     |
| Cash and Cash Equivalents                 | \$ 1,156,003               | \$ 21,007                   | \$ 1,177,010        |
| Taxes Receivable                          | 1,086,830                  | -                           | 1,086,830           |
| Inventories                               | 31,134                     | 1,694                       | 32,828              |
| Other Assets                              | 35,801                     | 720                         | 36,521              |
| Capital Assets:                           |                            |                             |                     |
| Land                                      | 14,500                     | -                           | 14,500              |
| Other Capital Assets, Net of Depreciation | 1,445,941                  | 396                         | 1,446,337           |
| <b>TOTAL ASSETS</b>                       | <b>\$ 3,770,209</b>        | <b>\$ 23,817</b>            | <b>\$ 3,794,026</b> |
| <b>LIABILITIES:</b>                       |                            |                             |                     |
| Accounts Payable                          | \$ 15,486                  | \$ 1,777                    | \$ 17,263           |
| Other Current Liabilities                 | 170,186                    | 4,243                       | 174,429             |
| Noncurrent Liabilities:                   |                            |                             |                     |
| Due Within One Year                       | 32,630                     | 1,300                       | 33,930              |
| Due in More than One Year                 | 85,658                     | 99                          | 85,757              |
| <b>TOTAL LIABILITIES</b>                  | <b>303,960</b>             | <b>7,419</b>                | <b>311,379</b>      |
| <b>NET ASSETS:</b>                        |                            |                             |                     |
| Invested in Capital Assets                | 1,361,089                  | 396                         | 1,361,485           |
| Restricted for:                           |                            |                             |                     |
| Capital Outlay                            | 402,165                    | -                           | 402,165             |
| Special Education                         | 429,563                    | -                           | 429,563             |
| Pension                                   | 69,811                     | -                           | 69,811              |
| Food Service                              | -                          | 16,002                      | 16,002              |
| Unrestricted                              | 1,203,621                  | -                           | 1,203,621           |
| <b>TOTAL NET ASSETS</b>                   | <b>3,466,249</b>           | <b>16,398</b>               | <b>3,482,647</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>   | <b>\$ 3,770,209</b>        | <b>\$ 23,817</b>            | <b>\$ 3,794,026</b> |

The accompanying notes are an integral part of these financial statements.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

| FUNCTIONS / PROGRAMS           | EXPENSES     | PROGRAM REVENUES     |        |
|--------------------------------|--------------|----------------------|--------|
|                                |              | CHARGES FOR SERVICES |        |
| Primary Government:            |              |                      |        |
| Governmental Activities:       |              |                      |        |
| Instruction                    | \$ 1,688,638 | \$                   | 18,158 |
| Support Services               | 1,087,357    |                      | -      |
| Cocurricular Activities        | 140,755      |                      | 13,607 |
| Total Governmental Activities  | 2,916,750    |                      | 31,765 |
| Business-Type Activities       |              |                      |        |
| Food Service                   | 139,582      |                      | 43,711 |
| Total Business-Type Activities | 139,582      |                      | 43,711 |
| Total Primary Government       | \$ 3,056,332 | \$                   | 75,476 |

The accompanying notes are an integral part of these financial statements.

NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS

| PROGRAM REVENUES                         |  | PRIMARY GOVERNMENT         |                             |    |             |
|--|--|----------------------------|-----------------------------|----|-------------|
| OPERATING<br>GRANTS AND<br>CONTRIBUTIONS | CAPITAL<br>GRANTS AND<br>CONTRIBUTIONS | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES |    | TOTAL       |
| \$ 254,893                               | \$ -                                   | \$ (1,415,587)             | \$ -                        | \$ | (1,415,587) |
| -  | -                                      | (1,087,357)                | -                           |    | (1,087,357) |
| -  | -                                      | (127,148)                  | -                           |    | (127,148)   |
| 254,893                                  | -                                      | (2,630,092)                | -                           |    | (2,630,092) |
| 96,705                                   | -                                      | -                          | 834                         |    | 834         |
| 96,705                                   | -                                      | -                          | 834                         |    | 834         |
| \$ 351,598                               | \$ -                                   | \$ (2,630,092)             | \$ 834                      | \$ | (2,629,258) |

GENERAL REVENUES:

|                                  |    |           |    |        |              |
|----------------------------------|----|-----------|----|--------|--------------|
| Taxes:                           |    |           |    |        |              |
| Property Taxes                   | \$ | 2,200,846 | \$ | -      | \$ 2,200,846 |
| Gross Receipts Taxes             |    | 94,224    |    | -      | 94,224       |
| Revenue from State Sources:      |    |           |    |        |              |
| State Aid                        |    | 620,324   |    | -      | 620,324      |
| Unrestricted Investment Earnings |    | 5,468     |    | -      | 5,468        |
| Other General Revenues           |    | 52,880    |    | -      | 52,880       |
| Total General Revenues           |    | 2,973,742 |    | -      | 2,973,742    |
| Change in Net Assets             |    | 343,650   |    | 834    | 344,484      |
| Net Assets-Beginning             |    | 3,122,599 |    | 15,564 | 3,138,163    |
| Net Assets-Ending                | \$ | 3,466,249 | \$ | 16,398 | \$ 3,482,647 |

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

|   | GENERAL<br>FUND   | CAPITAL<br>OUTLAY<br>FUND |
|---|-------------------|---------------------------|
| <b>ASSETS:</b>  |                   |                           |
| Cash and Cash Equivalents   | \$ 214,509        | \$ 414,573                |
| Taxes Receivable--Current   | 564,160           | 239,931                   |
| Taxes Receivable--Delinquent  | 3,180             | 900                       |
| Due From Other Government   | 35,801            | -                         |
| Inventory of Supplies   | 31,134            | -                         |
| Advance Payments  | 1,000             | -                         |
| <b>TOTAL ASSETS</b>   | <b>\$ 849,784</b> | <b>\$ 655,404</b>         |
| <b>LIABILITIES AND FUND BALANCES:</b>                               |                   |                           |
| <b>Liabilities:</b>   |                   |                           |
| Accounts Payable  | 1,388             | 12,408                    |
| Contracts Payable   | 96,870            | -                         |
| Payroll Deductions and Withholding and<br>Employer Matching Payable | 48,459            | -                         |
| Deferred Revenue  | 567,340           | 240,831                   |
| <b>Total Liabilities</b>  | <b>714,057</b>    | <b>253,239</b>            |
| <b>Fund Balances:</b>   |                   |                           |
| <b>Reserved Fund Balances:</b>                                      |                   |                           |
| Inventory   | 31,134            | -                         |
| <b>Unreserved Fund Balances:</b>                                    |                   |                           |
| Undesignated  | 104,593           | 402,165                   |
| <b>Total Fund Balances</b>  | <b>135,727</b>    | <b>402,165</b>            |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>                          | <b>\$ 849,784</b> | <b>\$ 655,404</b>         |

The accompanying notes are an integral part of these financial statements.

| SPECIAL<br>EDUCATION<br>FUND | PENSION<br>FUND   | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|------------------------------|-------------------|--------------------------------|
| \$ 456,110                   | \$ 69,811         | \$ 1,155,003                   |
| 227,582                      | 48,800            | 1,080,473                      |
| 1,150                        | 1,127             | 6,357                          |
| -                            | -                 | 35,801                         |
| -                            | -                 | 31,134                         |
| -                            | -                 | 1,000                          |
| <u>\$ 684,842</u>            | <u>\$ 119,738</u> | <u>\$ 2,309,768</u>            |

|                |               |                  |
|----------------|---------------|------------------|
| 1,690          | -             | 15,486           |
| 17,904         | -             | 114,774          |
| 6,953          | -             | 55,412           |
| <u>228,732</u> | <u>49,927</u> | <u>1,086,830</u> |
| <u>255,279</u> | <u>49,927</u> | <u>1,272,502</u> |

|                   |                   |                     |
|-------------------|-------------------|---------------------|
| -                 | -                 | 31,134              |
| <u>429,563</u>    | <u>69,811</u>     | <u>1,006,132</u>    |
| <u>429,563</u>    | <u>69,811</u>     | <u>1,037,266</u>    |
| <u>\$ 684,842</u> | <u>\$ 119,738</u> | <u>\$ 2,309,768</u> |



WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

|  |    |           |
|--|----|-----------|
| Total Fund Balances - Governmental Funds | \$ | 1,037,266 |
|--|----|-----------|

Amounts reported for governmental activities in the statement of net assets are different because:

|   |                                |                    |           |
|---|--------------------------------|--------------------|-----------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | The cost of capital assets are | 3,406,430          |           |
|   | Accumulated depreciation is    | <u>(1,945,989)</u> |           |
|   | Net                            |                    | 1,460,441 |

|   |                       |                 |           |
|---|-----------------------|-----------------|-----------|
| Long-term liabilities, including accrued leave payable is not due and payable in the current period and therefore is not reported in the funds. | Financing Lease       | (99,352)        |           |
|   | Accrued leave payable | <u>(18,936)</u> |           |
|   |                       |                 | (118,288) |

|   |                   |               |  |
|---|-------------------|---------------|--|
| Assets such as taxes receivable (current & delinquent) are not available to pay for the current period expenditures, and therefore are deferred in the funds. | General Fund      | 567,340       |  |
|   | Capital Outlay    | 240,831       |  |
|   | Special Education | 228,732       |  |
|   | Pension Fund      | <u>49,927</u> |  |

|                               |    |                  |
|-------------------------------|----|------------------|
| Net Assets-Governmental Funds | \$ | <u>3,466,249</u> |
|-------------------------------|----|------------------|

The accompanying notes are an integral part of these financial statements.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

|  | GENERAL<br>FUND     | CAPITAL<br>OUTLAY<br>FUND |
|--|---------------------|---------------------------|
| <b>Revenues:</b>   |                     |                           |
| Revenue from Local Sources:  |                     |                           |
| Taxes:   |                     |                           |
| Ad Valorem Taxes   | \$ 1,109,514        | \$ 435,063                |
| Prior Years' Ad Valorem Taxes  | 2,818               | 899                       |
| Gross Receipts Taxes   | 94,224              | -                         |
| Penalties and Interest on Taxes  | 2,687               | 990                       |
| Earnings on Investments and Deposits   | 1,039               | 1,969                     |
| Cocurricular Activities:   |                     |                           |
| Admissions   | 13,607              | -                         |
| Other Revenue from Local Sources:  |                     |                           |
| Rentals  | 150                 | -                         |
| Charges for Services   | 16,125              | -                         |
| Other  | 39,663              | -                         |
| Revenue from Intermediate Sources:   |                     |                           |
| County Sources:  |                     |                           |
| County Apportionment   | 13,906              | -                         |
| Revenue from State Sources:  |                     |                           |
| Grants-in-Aid:   |                     |                           |
| Unrestricted Grants-in-Aid   | 611,761             | -                         |
| Restricted Grants-in-Aid   | 8,563               | -                         |
| Revenue from Federal Sources:  |                     |                           |
| Grants-in-Aid:   |                     |                           |
| Restricted Grants-in-Aid Received from<br>Federal Government Through the State | 164,651             | -                         |
| Other Federal Revenue  | 20,276              | -                         |
| <b>Total Revenue</b>   | <b>\$ 2,098,984</b> | <b>\$ 438,921</b>         |

The accompanying notes are an integral part of these financial statements.

| SPECIAL<br>EDUCATION<br>FUND |         | PENSION<br>FUND |        | TOTAL<br>GOVERNMENTAL<br>FUNDS |           |
|------------------------------|---------|-----------------|--------|--------------------------------|-----------|
| \$                           | 429,242 | \$              | 91,690 | \$                             | 2,065,509 |
|                              | 890     |                 | 197    |                                | 4,804     |
|                              | -       |                 | -      |                                | 94,224    |
|                              | 1,006   |                 | 216    |                                | 4,899     |
|                              | 2,132   |                 | 328    |                                | 5,468     |
|                              | -       |                 | -      |                                | 13,607    |
|                              | -       |                 | -      |                                | 150       |
|                              | 2,033   |                 | -      |                                | 18,158    |
|                              | -       |                 | -      |                                | 39,663    |
|                              | -       |                 | -      |                                | 13,906    |
|                              | -       |                 | -      |                                | 611,761   |
|                              | -       |                 | -      |                                | 8,563     |
|                              | 69,966  |                 | -      |                                | 234,617   |
|                              | -       |                 | -      |                                | 20,276    |
| \$                           | 505,269 | \$              | 92,431 | \$                             | 3,135,605 |

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2009

|  | GENERAL<br>FUND | CAPITAL<br>OUTLAY<br>FUND |
|--|-----------------|---------------------------|
| <b>Expenditures:</b>                               |                 |                           |
| <b>Instruction:</b>                                |                 |                           |
| <b>Regular Programs:</b>                           |                 |                           |
| Elementary   | \$ 556,461      | \$ 49,160                 |
| High School  | 499,561         | 90,394                    |
| <b>Special Programs:</b>                           |                 |                           |
| Programs for Special Education                     | -               | -                         |
| Educationally Deprived                             | 79,196          | -                         |
| <b>Support Services:</b>                           |                 |                           |
| <b>Support Services - Pupils:</b>                  |                 |                           |
| Guidance   | 38,043          | -                         |
| Health   | 1,046           | -                         |
| Psychological                                      | -               | -                         |
| Speech Pathology                                   | -               | -                         |
| Student Therapy Services                           | -               | -                         |
| <b>Support Services - Instructional Staff:</b>     |                 |                           |
| Educational Media                                  | 94,805          | 1,346                     |
| <b>Support Services - General Administration:</b>  |                 |                           |
| Board of Education                                 | 65,297          | -                         |
| Executive Administration                           | 45,891          | 186                       |
| <b>Support Services - School Administration:</b>   |                 |                           |
| Office of the Principal                            | 150,645         | -                         |
| Other  | 5,074           | -                         |
| <b>Support Services - Business:</b>                |                 |                           |
| Fiscal Services                                    | 66,184          | 1,496                     |
| Operation and Maintenance of Plant                 | 246,738         | 77,757                    |
| Pupil Transportation                               | 130,744         | 7,316                     |
| <b>Debt Services</b>                               | -               | 38,258                    |
| <b>Cocurricular Activities:</b>                    |                 |                           |
| Combined Activities                                | 105,733         | 14,936                    |
| <b>Capital Outlay</b>                              | -               | 165,515                   |
| <b>Total Expenditures</b>                          | 2,085,418       | 446,364                   |
| <b>Excess of Revenue Over (Under) Expenditures</b> | 13,566          | (7,443)                   |

The accompanying notes are an integral part of these financial statements.

| SPECIAL<br>EDUCATION<br>FUND | PENSION<br>FUND | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|------------------------------|-----------------|--------------------------------|
| \$ -                         | \$ 26,275       | \$ 631,896                     |
| -                            | 24,225          | 614,180                        |
| 310,196                      | -               | 310,196                        |
| -                            | -               | 79,196                         |
| -                            | 1,725           | 39,768                         |
| -                            | -               | 1,046                          |
| 25,215                       | -               | 25,215                         |
| 34,142                       | -               | 34,142                         |
| 27,450                       | -               | 27,450                         |
| -                            | 3,830           | 99,981                         |
| -                            | -               | 65,297                         |
| -                            | 1,955           | 48,032                         |
| -                            | 6,600           | 157,245                        |
| -                            | -               | 5,074                          |
| -                            | 1,760           | 69,440                         |
| -                            | 3,445           | 327,940                        |
| -                            | 465             | 138,525                        |
| -                            | -               | 38,258                         |
| -                            | 3,320           | 123,989                        |
| -                            | -               | 165,515                        |
| 397,003                      | 73,600          | 3,002,385                      |
| 108,266                      | 18,831          | 133,220                        |

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2009

|   | GENERAL<br>FUND   | CAPITAL<br>OUTLAY<br>FUND |
|---|-------------------|---------------------------|
| <b>Other Financing Sources (Uses):</b>          |                   |                           |
| Transfers In                                    | 4,429             | -                         |
| Transfer Out                                    | -                 | (1,969)                   |
| Procees of General Long-Term Liabilities        | -                 | 137,610                   |
| Sale of Surplus Property                        | 7,668             | -                         |
| Compensation for Loss of General Capital Assets | 746               | -                         |
| Total Other Financing Sources (Uses)            | <u>12,843</u>     | <u>135,641</u>            |
| Net Change in Fund Balances                     | 26,409            | 128,198                   |
| Change in Reserves                              | (22,363)          | -                         |
| Fund Balance - Beginning                        | <u>131,681</u>    | <u>273,967</u>            |
| Fund Balance - Ending                           | <u>\$ 135,727</u> | <u>\$ 402,165</u>         |

The accompanying notes are an integral part of these financial statements.

| SPECIAL<br>EDUCATION<br>FUND | PENSION<br>FUND | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|------------------------------|-----------------|--------------------------------|
| -                            | -               | 4,429                          |
| (2,132)                      | (328)           | (4,429)                        |
| -                            | -               | 137,610                        |
| -                            | -               | 7,668                          |
| -                            | -               | 746                            |
| (2,132)                      | (328)           | 146,024                        |
| 106,134                      | 18,503          | 279,244                        |
| -                            | -               | (22,363)                       |
| 323,429                      | 51,308          | 780,385                        |
| \$ 429,563                   | \$ 69,811       | \$ 1,037,266                   |

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES TO THE GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Total net change in fund balances - governmental funds \$ 279,244

Amounts reported for governmental activities in the  
statement of activities are different because:

|  |   |                                     |               |
|--|---|-------------------------------------|---------------|
| <p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p> | <p>Capital Outlays<br/> Depreciation Expense<br/> Net</p> | <p>165,515<br/> <u>(95,899)</u></p> | <p>69,616</p> |
|--|---|-------------------------------------|---------------|

|   |                |
|---|----------------|
| <p>In the statement of activities, gains \$ 0 and losses \$ 839 on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds \$ 8,414 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.</p> | <p>(9,253)</p> |
|---|----------------|

|   |                |
|---|----------------|
| <p>In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statement require the amount to be "available". This amount reflects the application of both the application period and "availability criteria".</p> | <p>126,634</p> |
|---|----------------|

|   |                               |
|---|-------------------------------|
| <p>Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.</p> | <p>Accrued Leave<br/> 124</p> |
|---|-------------------------------|

|  |                                    |
|--|------------------------------------|
| <p>Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net assets</p> | <p>Financing lease<br/> 38,258</p> |
|--|------------------------------------|

|   |                                       |
|---|---------------------------------------|
| <p>The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.</p> | <p>Financing Lease<br/> (137,610)</p> |
|---|---------------------------------------|

|  |                        |
|--|------------------------|
| <p>Supplies acquired are an expenditure on the fund statements when purchased but are expensed on the statement of activities when consumed. This amount represents the "change in" inventory of supplies.</p> | <p><u>(23,363)</u></p> |
|--|------------------------|

|  |                          |
|--|--------------------------|
| <p>Change in net assets of governmental activities</p> | <p><u>\$ 343,650</u></p> |
|--|--------------------------|

The accompanying notes are an integral part of these financial statements.



WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
BALANCE SHEET  
PROPRIETARY FUNDS  
JUNE 30, 2009

|   | <u>ENTERPRISE FUNDS</u><br><u>FOOD SERVICE</u><br><u>FUND</u> |
|---|---|
| <b>ASSETS:</b>  |   |
| Current Assets:   |   |
| Cash and Cash Equivalents   | \$ 21,007   |
| Accounts Receivable, Net  | 720   |
| Inventory of Supplies   | 250   |
| Inventory of Stores Purchased for Resale                          | 593   |
| Inventory of Donated Food   | 851   |
| Total Current Assets  | <u>23,421</u>   |
| Capital Assets:   |   |
| Machinery and Equipment--Local Funds                              | 14,140  |
| Less: Accumulated Depreciation                                    | <u>(13,744)</u>   |
| Total Noncurrent Assets   | <u>396</u>  |
| <b>TOTAL ASSETS</b>   | <b><u>\$ 23,817</u></b>                                       |
| <b>LIABILITIES:</b>   |   |
| Current Liabilities:  |   |
| Accounts Payable  | \$ 1,777  |
| Payroll Deductions and Withholdings and Employer Matching Payable | 2,205   |
| Deferred Revenue  | <u>2,038</u>  |
| Total Current Liabilities   | <u>6,020</u>  |
| Noncurrent Liabilities:   |   |
| Accrued Leave Payable   | <u>1,399</u>  |
| Total Noncurrent Liabilities                                      | <u>1,399</u>  |
| <b>NET ASSETS:</b>  |   |
| Invested in Capital Assets  | 396   |
| Unrestricted Net Assets   | <u>16,002</u>   |
| Total Net Assets  | <u>16,398</u>   |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                           | <b><u>\$ 23,817</u></b>                                       |

The accompanying notes are an integral part of these financial statements.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (DEFICIT)  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009

|   | <u>ENTERPRISE FUNDS</u><br><u>FOOD SERVICE</u><br><u>FUND</u> |
|---|---|
| <b>Operating Revenue:</b>               |   |
| <b>Sales:</b>                           |   |
| To Pupils                               | \$ 39,333   |
| To Adults                               | 4,163   |
| Other                                   | 215   |
| <b>Total Operating Revenue</b>          | <u>43,711</u>   |
| <b>Operating Expenses:</b>              |   |
| <b>Food Service:</b>                    |   |
| Salaries                                | 43,701  |
| Employee Benefits                       | 18,188  |
| Purchased Services                      | 27,309  |
| Cost of Sales - Supplies                | 6,782   |
| Cost of Sales - Purchased Food          | 32,225  |
| Cost of Sales - Donated Food            | 11,184  |
| Miscellaneous                           | 193   |
| <b>Total Operating Expenses</b>         | <u>139,582</u>  |
| <b>Operating Loss</b>                   | <u>(95,871)</u>   |
| <b>Nonoperating Revenue:</b>            |   |
| <b>State Sources:</b>                   |   |
| Cash Reimbursements                     | 716   |
| <b>Federal Sources:</b>                 |   |
| Cash Reimbursements                     | 85,094  |
| Donated Food                            | 10,895  |
| <b>Total Nonoperating Revenue</b>       | <u>96,705</u>   |
| <b>Change in Net Assets</b>             | 834   |
| <b>Net Assets (Deficit) - Beginning</b> | <u>15,564</u>   |
| <b>Net Assets - Ending</b>              | <u>\$ 16,398</u>  |

The accompanying notes are an integral part of these financial statements.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

|   | <u>ENTERPRISE FUNDS</u><br><u>FOOD SERVICE</u><br><u>FUND</u> |
|---|---|
| <b>Cash Flows from Operating Activities:</b>  |   |
| Receipts from Customers   | \$ 44,261   |
| Payments to Suppliers   | (65,413)  |
| Payments to Employees   | (69,068)  |
|   | <u>(90,220)</u>   |
| Net Cash Used by Operating Activities   |   |
| <b>Cash Flows from Noncapital Financing Activities:</b>                                       |   |
| Cash Reimbursements - State   | 716   |
| Cash Reimbursements - Federal   | 85,094  |
| Operating Transfers - In  | -   |
|   | <u>85,810</u>   |
| Net Cash Provided by Noncapital Financing Activities  |   |
| Net Increase in Cash and Cash Equivalents   | <u>\$ (4,410)</u>   |
| Cash and Cash Equivalents at Beginning of Year  | \$ 25,417   |
| Cash and Cash Equivalents at End of Year  | <u>21,007</u>   |
| Net Decrease in Cash and Cash Equivalents   | <u>\$ (4,410)</u>   |
| <br><b>RECONCILIATION OF OPERATING<br/>LOSS TO NET CASH USED BY<br/>OPERATING ACTIVITIES:</b> |   |
| Operating Loss  | \$ (95,871)   |
| Adjustments to Reconcile Operating Loss to  |   |
| Net Cash Used by Operating Activities:  |   |
| Noncash Cost of Sales-Commodities   | 11,184  |
| Change in Assets and Liabilities:   | (1,437)   |
| Accounts Receivable   | 289   |
| Inventories   |   |
| Accounts Payable  | (4,945)   |
| Deferred Revenue  | 261   |
| Accrued Leave Payable   | 299   |
|   | <u>(90,220)</u>   |
| Net Cash Used by Operating Activities   |   |
| <b>Noncash Investing, Capital and Financing Activities:</b>                                   |   |
| Value of Commodities Received   | <u>\$ 10,895</u>  |

The accompanying notes are an integral part of these financial statements.

**WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2009**

|   | <u>AGENCY<br/>FUNDS</u> |
|---|-------------------------|
| <b>ASSETS:</b>                          |                         |
| Cash and Cash Equivalents               | <u>\$ 33,130</u>        |
| <b>TOTAL ASSETS</b>                     | <u>\$ 33,130</u>        |
| <b>LIABILITIES:</b>                     |                         |
| Amounts Held for Others                 | <u>\$ 33,130</u>        |
| <b>NET ASSETS</b>                       | <u>-</u>                |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u>\$ 33,130</u>        |

The accompanying notes are an integral part of these financial statements.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Financial Reporting Entity:

The reporting entity of Wessington Springs School District No. 36-2, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on the organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District. The School District has no component units.

The accounting policies of the School District conform to generally accepted accounting principles as applicable to government entities in the United States of America.

b. Basis of Presentation:

**Government-Wide Financial Statements:** The Statement of Net Assets and the Statement of Activities display information about the reporting entity as a whole. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

The Statement of Net Assets reports all financial and capital resources, in a net assets form (assets minus liabilities equal net assets). Net assets are displayed in three components, as applicable, invested in capital assets, net of related debt, restricted (distinguishing between major categories of restrictions), and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the School District financial reporting entity are described below within their respective fund types:

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

**Governmental Funds:**

General Fund - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the school district, excluding the capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Types - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Outlay Fund: A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes. This is a major fund.

Special Education Fund: A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance that reside within the School District. This fund is financed by grants and property taxes. This is a major fund.

Pension Fund: A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of school districts, which have established such systems, paying the School District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This is a major fund.

**Proprietary Funds:**

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

Food Service Fund: A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

**Fiduciary Funds:**

Fiduciary Funds are never considered to be major funds.

Agency Funds - Agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The School District maintains several agency funds for various class years, clubs, and athletic teams which account for the monies earned for the various class, club or team projects.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

**Measurement Focus:**

**Government-Wide Financial Statements:** In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

**Fund Financial Statements:** In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

**Basis of Accounting:**

**Government-Wide Financial Statements:** In the government-wide Statement of Net Assets and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the



WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

c. Measurement Focus and Basis of Accounting: (cont'd)

**Basis of Accounting:** (cont'd)

accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

**Fund Financial Statements:** All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Wessington Springs School District 36-2, the length of that cycle is sixty days. The revenues which are accrued at June 30, 2009 are grants due from state and federal government.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The business-type activities and enterprise funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.

d. Interfund Eliminations and Reclassifications:

**Government-Wide Financial Statements:** In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund balances in the fund financial statements have been eliminated or reclassified, as follows:

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

d. Interfund Eliminations and Reclassifications: (cont'd)

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

**Fund Financial Statements:** Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "due from" asset accounts) are considered "available spendable resources."

e. Inventory:

Inventory is valued at the lower of cost or market. The cost valuation method is first in first out. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

For the governmental activities and proprietary fund types, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the government-wide and the fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The school had approximately \$31,134 in governmental activity inventories as of June 30, 2009.

f. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

f. Capital Assets: (cont'd)

**Government-Wide Financial Statements:** All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the estimated fair value on the date donated.

Interest costs incurred during construction of general capital assets are not capitalized along with other capital asset costs.

The total June 30, 2009 balance of capital assets for governmental activities and business-type activities are all valued at original cost.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Assets. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

|                       | <u>Capitalization<br/>Threshold</u> | <u>Depreciation<br/>Method</u> | <u>Estimated<br/>Useful Life</u> |
|-----------------------|-------------------------------------|--------------------------------|----------------------------------|
| Land                  | \$ --                               | --                             | --                               |
| Land Improvements     | \$ 5,000                            | Straight-line                  | 20 years                         |
| Buildings             | \$ 5,000                            | Straight-line                  | 50 years                         |
| Machinery & Equipment | \$ 5,000                            | Straight-line                  | 5-30 years                       |

Land, an inexhaustible capital asset, is not depreciated.

**Fund Financial Statements:** In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

g. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

g. Long-Term Liabilities: (cont'd)

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) and payment of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is the accrual basis, the same in the fund statements as it is in the government-wide statements.

h. Program Revenues:

In the government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the School District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services - These arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions - These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions - These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

j. Accumulated Unpaid Vacation and Sick Leave:

Annual leave is earned by the employees at the rate of zero to 25 days per year depending on position. Upon termination, employees are not entitled to receive compensation for their accrued annual leave balance.

Sick leave is earned by the employees at the rate of ten to twelve days per year depending on position. Upon termination, employees who have worked five consecutive years or more for the district are entitled to receive \$10 per day for unused sick leave days if they leave the School District.

k. Deferred Revenue:

Under the modified accrual basis of accounting, receivables, such as taxes receivable, may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

l. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. The enterprise fund has access to its cash resources on demand. Accordingly, all reported deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

m. Equity Classifications:

**Government-Wide Financial Statements:** Equity is classified as net assets and is displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

m. Equity Classifications: (cont'd)

3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Fund Financial Statements:** Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net assets held in trust for other purposes.

n. Application of Net Assets:

It is the School District's policy to first use restricted net assets, prior to the use of unrestricted net assets, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

o. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK:

The School District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Investments - In general, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-loan fund administered by an investment company whose investments

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

2. DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK: (CONT'D)

are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

**Deposits** - The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Deposits are reported at cost plus interest, if the account is of the add-on type.

**Interest Rate Risk** - The School District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State law limits eligible investments for the School District, as discussed above. The School District has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk** - The School District places no limit on the amount that may be invested in any one issuer.

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The District's policy is to credit all income from deposits and investments to the General Fund for all governmental funds.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

2. DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK: (CONT'D)

The United States generally accepted accounting principles, on the other hand, requires income from deposits and investments to be recorded in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

3. PROPERTY TAX:

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable, which is intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.



WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

4. CHANGES IN CAPITAL ASSETS:

A summary of changes in capital assets for the fiscal year ended June 30, 2009 is as follows:

Primary Government:

|   | <u>Balance<br/>7/01/08</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance<br/>6/30/09</u> |
|---|----------------------------|------------------|------------------|----------------------------|
| Governmental activities:                                  |                            |                  |                  |                            |
| Capital assets, not being depreciated:                    |                            |                  |                  |                            |
| Land  | \$ 14,500                  | \$ --            | \$ --            | \$ 14,500                  |
| Capital assets, being depreciated:                        |                            |                  |                  |                            |
| Buildings   | 2,319,682                  | --               | --               | 2,319,682                  |
| Improvements other than Buildings                         | 311,503                    | --               | --               | 311,503                    |
| Machinery and Equipment                                   | 615,799                    | 165,515          | 20,569           | 760,745                    |
| Totals  | <u>3,246,984</u>           | <u>165,515</u>   | <u>20,569</u>    | <u>3,391,930</u>           |
| Less accumulated depreciation for:                        |                            |                  |                  |                            |
| Buildings   | 1,171,790                  | 47,450           | --               | 1,219,240                  |
| Improvements other than buildings                         | 249,064                    | 7,478            | --               | 256,542                    |
| Machinery and Equipment                                   | 440,552                    | 40,971           | 11,316           | 470,207                    |
| Total accumulated depreciation                            | <u>1,861,406</u>           | <u>95,899</u>    | <u>337</u>       | <u>1,945,989</u>           |
| Total capital assets, being depreciated, net              | <u>1,385,578</u>           | <u>69,616</u>    | <u>9,253</u>     | <u>1,445,941</u>           |
| Governmental activity capital assets, net                 | <u>\$ 1,400,078</u>        | <u>\$ 69,616</u> | <u>\$ 9,253</u>  | <u>\$ 1,460,441</u>        |
| Depreciation expense was charged to functions as follows: |                            |                  |                  |                            |
| Governmental activities:                                  |                            |                  |                  |                            |
| Instruction   |                            |                  |                  | \$ 53,294                  |
| Support Services  |                            |                  |                  | 25,839                     |
| Cocurricular activities                                   |                            |                  |                  | 16,766                     |
| Total depreciation expense-governmental activities        |                            |                  |                  | <u>\$ 95,899</u>           |

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

4. CHANGES IN CAPITAL ASSETS: (CONT'D)

|   | Balance<br>7/01/08 | <u>Increases</u> | <u>Decreases</u> | Balance<br>6/30/09 |
|---|--------------------|------------------|------------------|--------------------|
| Business-type activities:                       |                    |                  |                  |                    |
| Capital assets, being<br>depreciated:           |                    |                  |                  |                    |
| Machinery and Equipment                         | \$ 14,140          | \$ --            | \$ --            | \$ 14,140          |
| Totals  | <u>14,140</u>      | <u>--</u>        | <u>--</u>        | <u>14,140</u>      |
| Less accumulated<br>depreciation for:           |                    |                  |                  |                    |
| Machinery and Equipment                         | 13,744             | --               | --               | 13,744             |
| Total accumulated<br>depreciation               | <u>13,744</u>      | <u>--</u>        | <u>--</u>        | <u>13,744</u>      |
| Total capital assets,<br>being depreciated, net | <u>396</u>         | <u>--</u>        | <u>--</u>        | <u>396</u>         |
| Business-type activity<br>capital assets, net   | <u>\$ 396</u>      | <u>\$ --</u>     | <u>\$ --</u>     | <u>\$ 396</u>      |

There is no depreciation expense charged to business-type activities for fiscal year 2009 because all capital assets have been depreciated out. The only amounts that are reported as net capital assets are salvage values of the Food Service Fund capital assets.

5. LONG-TERM LIABILITIES:

A summary of changes in long-term debt follows:

|                          | Balance<br>7/01/08 | <u>Increases</u>  | <u>Decreases</u> | Balance<br>6/30/09 | Amount<br>Due Within<br>One Year |
|--------------------------|--------------------|-------------------|------------------|--------------------|----------------------------------|
| Governmental Activities: |                    |                   |                  |                    |                                  |
| Financing Lease: \$ --   | \$ 137,610         | \$ 38,258         | \$ 99,352        | \$ 30,730          |                                  |
| Compensated<br>Absences  | 18,812             | 3,130             | 3,006            | 18,936             | 1,900                            |
|                          | <u>\$ 18,812</u>   | <u>\$ 140,740</u> | <u>\$ 41,264</u> | <u>\$ 118,288</u>  | <u>\$ 32,630</u>                 |

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009

5. LONG-TERM LIABILITIES: (CONT'D)

Business Activities:

|             |                 |               |               |                 |                 |
|-------------|-----------------|---------------|---------------|-----------------|-----------------|
| Compensated |                 |               |               |                 |                 |
| Absences    | <u>\$ 1,100</u> | <u>\$ 399</u> | <u>\$ 100</u> | <u>\$ 1,399</u> | <u>\$ 1,300</u> |

Compensated absences for governmental activities typically have been liquidated from the General and Special Education Funds.

Debt payable at June 30, 2009 is comprised of the following:

Financing Lease:

The School District entered into a Lease-Purchase Agreement with Leaf Financial for purchase of computers. Total finance is \$137,610. Payable in 4 annual payments of \$38,258. Annual interest rate of 7.325%.

\$ 99,352

Compensated Absences

\$ 17,590

The annual requirements to amortize the financing lease outstanding at June 30, 2009, are as follows:

|      | <u>Financing Lease</u> |                  |                   |
|------|------------------------|------------------|-------------------|
|      | <u>Principal</u>       | <u>Interest</u>  | <u>Total</u>      |
| 2010 | \$ 30,730              | \$ 7,528         | \$ 38,258         |
| 2011 | 33,059                 | 5,199            | 38,258            |
| 2012 | 35,563                 | 2,695            | 38,258            |
|      | <u>\$ 99,352</u>       | <u>\$ 15,422</u> | <u>\$ 114,774</u> |

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

6. OPERATING LEASES:

The School District entered into a twelve-year operational agreement with the Spring Valley Hutterian Brethren, Inc. on April 16, 1998. The agreement states that the Spring Valley colony leases the school building on the colony premises to the Wessington Springs School District. Various covenants and restrictions apply to this lease agreement. Payments are made from the Capital Outlay Fund.

The School District entered into an agreement to lease a copier for a thirty-six (36) month period on August 23, 2007. The monthly payment is \$1,156 with provisions for adjustments based on copier usage, etc. The agreement contains various covenants, restrictions, and provisions. Payments are made from the Capital Outlay Fund.

The School District entered into a ten-year lease agreement with Total Building, LLC on December 1, 2002 for the lease of half of a building to house school busses in. The school pays \$600 a month for five years and after the first five years, the property will then be leased on a yearly basis with a possibility of a 3% increase in rent over the previous year. Payments are made from the Capital Outlay Fund.

The following are the minimum payments on existing operating leases:

| <u>Year</u> | <u>Spring Valley<br/>School</u> | <u>Copier</u> | <u>Bus<br/>Garage</u> | <u>Total</u> |
|-------------|---------------------------------|---------------|-----------------------|--------------|
| 2010        | 7,500                           | 13,874        | 7,746                 | 29,120       |
| 2011        | —                               | 2,312         | 7,974                 | 10,286       |
| 2012        | —                               | —             | 8,208                 | 8,208        |
| 2013        | —                               | —             | 4,164                 | 4,164        |

7. INTERFUND ACTIVITY:

Transfers to/from other funds at June 30, 2009, consist of the followings:

|                        | <u>Transfer<br/>In</u> | <u>Transfer<br/>Out</u> |
|------------------------|------------------------|-------------------------|
| General Fund           | \$ 4,429               | \$ —                    |
| Capital Outlay Fund    | —                      | 1,969                   |
| Special Education Fund | —                      | 2,132                   |
| Pension Fund           | —                      | 328                     |

Transfers from the other governmental funds to the General Fund for income earned on deposits.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

8. RESTRICTED NET ASSETS:

The following table shows the net assets restricted for other purposes as shown on the Statement of Net Assets:

| <u>Fund</u>       | <u>Restricted By</u> | <u>Amount</u>     |
|-------------------|----------------------|-------------------|
| Capital Outlay    | Law                  | \$ 402,165        |
| Special Education | Law                  | 429,563           |
| Pension           | Law                  | 69,811            |
| Food Service      | Federal Regulation   | 16,002            |
|                   |                      | <u>\$ 917,541</u> |

9. RETIREMENT PLAN:

All employees, except for non-contracted staff, participate in the South Dakota Retirement System, (SDRS) a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098, or by calling (605) 773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ended June 30, 2009, 2008, and 2007 were \$89,651, \$90,695, and \$93,898 respectively, equal to the required contributions each year.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

10. CONSORTIUM INFORMATION:

The School District participates in the Perkin's Reserve Grant Consortium for the purpose of providing educational services to the member school districts.

The members of the consortium are as follows with each member district having an equal share:

Freeman School District No. 33-1  
DeSmet School District No. 38-2  
Wessington Springs School District No. 36-2  
Lyman School District No. 42-1  
Mobridge School District No. 62-3  
South Dakota State University

The vocational instructors from each participating school district request funds which are approved by the state. Any allocation of and spending of funds is also approved by the state. The Wessington Springs School District acts as the fiscal agent for this consortium.

Financial data for this venture is available from the Wessington Springs School District. At June 30, 2009, this venture had no fund equity and no long-term debt.

11. RISK MANAGEMENT:

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2009, the School District managed its risks as follows:

Employee Health Insurance

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School district pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage also includes a \$2,000,000 lifetime maximum payment per person.

The School District does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

11. RISK MANAGEMENT: (CONT'D)

Liability Insurance

The School District purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Workmen's Compensation

The School District purchases liability insurance for workmen's compensation from a commercial carrier.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the year ended June 30, 2009, no claims for unemployment benefits were paid. At June 30, 2009, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION  
WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009

|   | BUDGETED AMOUNTS |                  |
|---|------------------|------------------|
|   | ORIGINAL         | FINAL            |
| <b>Revenues:</b>  |                  |                  |
| Revenue from Local Sources:   |                  |                  |
| Taxes:  |                  |                  |
| Ad Valorem Taxes  | \$ 1,040,000     | \$ 1,040,000     |
| Prior Years' Ad Valorem Taxes   | 8,000            | 8,000            |
| Gross Receipts Taxes  | 92,000           | 92,000           |
| Penalties and Interest on Taxes   | 4,500            | 4,500            |
| Earnings on Investments and Deposits  | 12,000           | 12,000           |
| Cocurricular Activities:  |                  |                  |
| Admissions  | 20,000           | 20,000           |
| Other Revenue from Local Sources:   |                  |                  |
| Rentals   | 600              | 600              |
| Charges for Services  | 13,000           | 13,000           |
| Other   | 28,000           | 28,000           |
| Revenue from Intermediate Sources:  |                  |                  |
| County Sources:   |                  |                  |
| County Apportionment  | 30,000           | 30,000           |
| Revenue from State Sources:   |                  |                  |
| Grants-in-Aid:  |                  |                  |
| Unrestricted Grants-in-Aid  | 713,392          | 713,392          |
| Restricted Grants-in-Aid  | 8,978            | 8,978            |
| Revenue from Federal Sources:   |                  |                  |
| Grants-in-Aid:  |                  |                  |
| Restricted Grants-in-Aid Received from Federal Government Through the State | 122,727          | 122,727          |
| Other Federal Revenue   | 30,000           | 30,000           |
| <b>Total Revenue</b>  | <b>2,123,197</b> | <b>2,123,197</b> |

| ACTUAL AMOUNTS<br>(BUDGETARY BASIS) | VARIANCE WITH<br>FINAL BUDGET-<br>POSITIVE (NEGATIVE) |
|-------------------------------------|---|
|-------------------------------------|---|

|    |                  |    |                 |
|----|------------------|----|-----------------|
| \$ | 1,109,514        | \$ | 69,514          |
|    | 2,818            |    | (5,182)         |
|    | 94,224           |    | 2,224           |
|    | 2,687            |    | (1,813)         |
|    | 1,039            |    | (10,961)        |
|    | 13,607           |    | (6,393)         |
|    | 150              |    | (450)           |
|    | 16,125           |    | 3,125           |
|    | 39,663           |    | 11,663          |
|    | 13,906           |    | (16,094)        |
|    | 611,761          |    | (101,631)       |
|    | 8,563            |    | (415)           |
|    | 164,651          |    | 41,924          |
|    | 20,276           |    | (9,724)         |
|    | <u>2,098,984</u> |    | <u>(24,213)</u> |

REQUIRED SUPPLEMENTARY INFORMATION  
WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2009

|  | BUDGETED AMOUNTS    |                     |
|--|---------------------|---------------------|
|  | ORIGINAL            | FINAL               |
| <b>Expenditures:</b>                               |                     |                     |
| <b>Instruction:</b>                                |                     |                     |
| Regular Programs:                                  |                     |                     |
| Elementary   | 610,426             | 611,626             |
| High School  | 562,366             | 562,366             |
| Special Programs:                                  |                     |                     |
| Educationally Deprived                             | 85,730              | 85,830              |
| <b>Support Services:</b>                           |                     |                     |
| Pupils:  |                     |                     |
| Guidance   | 41,805              | 41,805              |
| Health   | 1,200               | 1,200               |
| Support Services - Instructional Staff:            |                     |                     |
| Educational Media                                  | 101,325             | 101,325             |
| Support Services - General Administration:         |                     |                     |
| Board of Education                                 | 86,528              | 86,528              |
| Executive Administration                           | 45,450              | 45,950              |
| Support Services - School Administration:          |                     |                     |
| Office of the Principal                            | 154,215             | 154,215             |
| Other  | 6,300               | 6,300               |
| Support Services - Business:                       |                     |                     |
| Fiscal Services                                    | 79,326              | 79,326              |
| Operation and Maintenance of Plant                 | 256,709             | 256,709             |
| Pupil Transportation                               | 166,922             | 166,922             |
| Cocurricular Activities:                           |                     |                     |
| Combined Activities                                | 144,998             | 144,998             |
| Contingencies                                      | 50,000              | 49,500              |
| <b>Total Expenditures</b>                          | <b>2,393,300</b>    | <b>2,394,600</b>    |
| <b>Excess of Revenue Over (Under) Expenditures</b> | <b>(270,103)</b>    | <b>(271,403)</b>    |
| <b>Other Financing Sources (Uses):</b>             |                     |                     |
| Transfers In                                       | -                   | -                   |
| Sale of Surplus Property                           | -                   | -                   |
| Compensation for Loss of General Capital Assets    | -                   | -                   |
| <b>Total Other Financing Sources</b>               | <b>-</b>            | <b>-</b>            |
| <b>Net Change in Fund Balances</b>                 | <b>(270,103)</b>    | <b>(271,403)</b>    |
| <b>Change in Reserves</b>                          | <b>-</b>            | <b>-</b>            |
| <b>Fund Balance - Beginning</b>                    | <b>131,681</b>      | <b>131,681</b>      |
| <b>Fund Balance - Ending</b>                       | <b>\$ (138,422)</b> | <b>\$ (139,722)</b> |

| ACTUAL AMOUNTS<br>(BUDGETARY BASIS) |           | VARIANCE WITH<br>FINAL BUDGET-<br>POSITIVE (NEGATIVE) |          |
|-------------------------------------|-----------|---|----------|
|                                     | 556,461   |   | 55,165   |
|                                     | 499,561   |   | 62,805   |
|                                     | 79,196    |   | 6,634    |
|                                     | 38,043    |   | 3,762    |
|                                     | 1,046     |   | 154      |
|                                     | 94,805    |   | 6,520    |
|                                     | 65,297    |   | 21,231   |
|                                     | 45,891    |   | 59       |
|                                     | 150,645   |   | 3,570    |
|                                     | 5,074     |   | 1,226    |
|                                     | 66,184    |   | 13,142   |
|                                     | 246,738   |   | 9,971    |
|                                     | 130,744   |   | 36,178   |
|                                     | 105,733   |   | 39,265   |
|                                     | -         |   | 49,500   |
|                                     | 2,085,418 |   | 309,182  |
|                                     | 13,566    |   | 282,259  |
|                                     | 4,429     |   | 4,429    |
|                                     | 7,668     |   | 7,668    |
|                                     | 746       |   | 746      |
|                                     | 12,843    |   | 12,097   |
|                                     | 26,409    |   | 297,812  |
|                                     | (22,363)  |   | (22,363) |
|                                     | 131,681   |   | -        |
| \$                                  | 135,727   | \$  | 275,449  |

REQUIRED SUPPLEMENTARY INFORMATION  
WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
CAPITAL OUTLAY FUND  
FOR THE YEAR ENDED JUNE 30, 2009

|   | BUDGETED AMOUNTS |            |
|---|------------------|------------|
|   | ORIGINAL         | FINAL      |
| <b>Revenues:</b>                            |                  |            |
| Revenue from Local Sources:                 |                  |            |
| Taxes:                                      |                  |            |
| Ad Valorem Taxes                            | \$ 483,590       | \$ 483,590 |
| Prior Years' Ad Valorem Taxes               | 2,000            | 2,000      |
| Penalties and Interest on Taxes             | 1,000            | 1,000      |
| Earnings on Investments and Deposits        | -                | -          |
| Total Revenue                               | 486,590          | 486,590    |
| <b>Expenditures:</b>                        |                  |            |
| Instruction:                                |                  |            |
| Regular Programs:                           |                  |            |
| Elementary                                  | 136,500          | 169,286    |
| High School                                 | 155,500          | 244,144    |
| Support Services - Instructional Staff:     |                  |            |
| Educational Media                           | 4,800            | 4,800      |
| Support Services - General Administration:  |                  |            |
| Executive Administration                    | 3,000            | 3,000      |
| Support Services - School Administration    |                  |            |
| Office of Principal                         | 3,000            | 3,000      |
| Support Services - Business:                |                  |            |
| Fiscal Services                             | 6,200            | 6,200      |
| Operation and Maintenance of Plant          | 131,790          | 131,790    |
| Pupil Transportation                        | 40,000           | 40,000     |
| Debt Services                               | -                | -          |
| Cocurricular Activities:                    |                  |            |
| Combined Activities                         | 25,000           | 25,000     |
| Total Expenditures                          | 505,790          | 627,220    |
| Excess of Revenue Over (Under) Expenditures | (19,200)         | (140,630)  |
| <b>Other Financing Sources (Uses):</b>      |                  |            |
| Transfer Out                                | -                | -          |
| Proceeds of General Long-Term Liabilities   | 121,430          | 121,430    |
| Total Other Financing Sources (Uses):       | 121,430          | 121,430    |
| Net Change in Fund Balances                 | 102,230          | (19,200)   |
| Fund Balance - Beginning                    | 273,967          | 273,967    |
| Fund Balance - Ending                       | \$ 376,197       | \$ 254,767 |

| ACTUAL AMOUNTS<br>(BUDGETARY BASIS) | VARIANCE WITH<br>FINAL BUDGET -<br>POSITIVE (NEGATIVE) |
|-------------------------------------|--|
|-------------------------------------|--|

|    |         |    |          |
|----|---------|----|----------|
| \$ | 435,063 | \$ | (48,527) |
|    | 899     |    | (1,101)  |
|    | 990     |    | (10)     |
|    | 1,969   |    | 1,969    |
|    | 438,921 |    | (47,669) |

|         |        |
|---------|--------|
| 95,030  | 74,256 |
| 182,134 | 62,010 |

|       |       |
|-------|-------|
| 2,891 | 1,909 |
|-------|-------|

|     |       |
|-----|-------|
| 186 | 2,814 |
|-----|-------|

|   |       |
|---|-------|
| - | 3,000 |
|---|-------|

|        |          |
|--------|----------|
| 1,496  | 4,704    |
| 83,547 | 48,243   |
| 20,816 | 19,184   |
| 38,258 | (38,258) |

|        |       |
|--------|-------|
| 22,006 | 2,994 |
|--------|-------|

|         |         |
|---------|---------|
| 446,364 | 180,856 |
|---------|---------|

|         |         |
|---------|---------|
| (7,443) | 133,187 |
|---------|---------|

|         |         |
|---------|---------|
| (1,969) | (1,969) |
| 137,610 | 16,180  |

|         |        |
|---------|--------|
| 135,641 | 14,211 |
|---------|--------|

|         |         |
|---------|---------|
| 128,198 | 147,398 |
|---------|---------|

|         |   |
|---------|---|
| 273,967 | - |
|---------|---|

|    |         |    |         |
|----|---------|----|---------|
| \$ | 402,165 | \$ | 147,398 |
|----|---------|----|---------|

REQUIRED SUPPLEMENTARY INFORMATION  
WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL EDUCATION FUND  
FOR THE YEAR ENDED JUNE 30, 2009

|  | BUDGETED AMOUNTS  |                   |
|--|-------------------|-------------------|
|  | ORIGINAL          | FINAL             |
| <b>Revenues:</b>   |                   |                   |
| Revenue from Local Sources:  |                   |                   |
| Taxes:   |                   |                   |
| Ad Valorem Taxes   | \$ 307,500        | \$ 307,500        |
| Prior Years' Ad Valorem Taxes  | 2,000             | 2,000             |
| Penalties and Interest on Taxes  | 1,200             | 1,200             |
| Earnings on Investments and Deposits   | -                 | -                 |
| Other Revenue from Local Sources:  |                   |                   |
| Charges for Services   | -                 | -                 |
| Revenue from Federal Sources:  |                   |                   |
| Grants-in-Aid:   |                   |                   |
| Restricted Grants-in-Aid Received from<br>Federal Government Through the State | 66,000            | 66,000            |
| <b>Total Revenue</b>   | <b>376,700</b>    | <b>376,700</b>    |
| <b>Expenditures:</b>   |                   |                   |
| Instruction:   |                   |                   |
| Special Programs:  |                   |                   |
| Programs for Special Education   | 340,752           | 343,352           |
| Support Services:  |                   |                   |
| Pupils:  |                   |                   |
| Psychological  | 30,000            | 30,000            |
| Speech Pathology   | 41,000            | 41,000            |
| Student Therapy Services   | 37,000            | 37,000            |
| <b>Total Expenditures</b>  | <b>448,752</b>    | <b>451,352</b>    |
| <b>Excess of Revenue Over ( Under) Expenditures</b>                            | <b>(72,052)</b>   | <b>(74,652)</b>   |
| <b>Other Financing Sources (Uses):</b>   |                   |                   |
| Transfer Out   | -                 | -                 |
| <b>Net Change in Fund Balances</b>   | <b>(72,052)</b>   | <b>(74,652)</b>   |
| <b>Fund Balance - Beginning</b>  | <b>323,428</b>    | <b>323,429</b>    |
| <b>Fund Balance - Ending</b>   | <b>\$ 251,376</b> | <b>\$ 248,777</b> |

| ACTUAL AMOUNTS<br>(BUDGETARY BASIS) | VARIANCE WITH<br>FINAL BUDGET -<br>POSITIVE (NEGATIVE) |
|-------------------------------------|--|
|-------------------------------------|--|

|    |         |    |         |
|----|---------|----|---------|
| \$ | 429,242 | \$ | 121,742 |
|    | 890     |    | (1,110) |
|    | 1,006   |    | (194)   |
|    | 2,132   |    | 2,132   |
|    | 2,033   |    | 2,033   |
|    | 69,966  |    | 3,966   |
|    | 505,269 |    | 128,569 |
|    | 310,196 |    | 33,156  |
|    | 25,215  |    | 4,785   |
|    | 34,142  |    | 6,858   |
|    | 27,450  |    | 9,550   |
|    | 397,003 |    | 54,349  |
|    | 108,266 |    | 182,918 |
|    | 2,132   |    | 2,132   |
|    | 106,134 |    | 180,786 |
|    | 323,429 |    | -       |
| \$ | 429,563 | \$ | 180,786 |



REQUIRED SUPPLEMENTARY INFORMATION  
WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
PENSION FUND  
FOR THE YEAR ENDED JUNE 30, 2009

|  | BUDGETED AMOUNTS |                  |
|--|------------------|------------------|
|  | ORIGINAL         | FINAL            |
| <b>Revenues:</b>                                   |                  |                  |
| Revenue from Local Sources:                        |                  |                  |
| Taxes:   |                  |                  |
| Ad Valorem Taxes                                   | \$ 44,000        | \$ 73,132        |
| Prior Years' Ad Valorem Taxes                      | 500              | 300              |
| Penalties and Interest on Taxes                    | 200              | 100              |
| Earnings on Investments and Deposits               | -                | -                |
| <b>Total Revenue</b>                               | <b>44,700</b>    | <b>73,532</b>    |
| <b>Expenditures:</b>                               |                  |                  |
| Instruction:                                       |                  |                  |
| Regular Programs:                                  |                  |                  |
| Elementary   | 27,950           | 31,950           |
| High School  | 26,242           | 33,900           |
| Support Services - Pupils                          |                  |                  |
| Guidance   | 1,741            | 1,685            |
| Support Services - Instructional Staff             |                  |                  |
| Educational Media                                  | 4,015            | 1,910            |
| Support Services - General Administration:         |                  |                  |
| Executive Administration                           | 2,000            | 2,435            |
| Support Services - School Administration           |                  |                  |
| Office of Principal                                | 6,790            | 6,575            |
| Support Services - Business:                       |                  |                  |
| Fiscal Services                                    | 2,400            | 2,760            |
| Operation and Maintenance of Plant                 | 5,130            | 4,020            |
| Transportation                                     | 620              | 725              |
| Cocurricular Activities:                           |                  |                  |
| Combined Activities                                | 3,868            | 3,720            |
| <b>Total Expenditures</b>                          | <b>80,756</b>    | <b>89,680</b>    |
| <b>Excess of Revenue Over (Under) Expenditures</b> | <b>(36,056)</b>  | <b>(16,148)</b>  |
| <b>Other Financing Sources (Uses):</b>             |                  |                  |
| Transfers Out                                      | -                | -                |
| <b>Net Change in Fund Balances</b>                 | <b>(36,056)</b>  | <b>(16,148)</b>  |
| <b>Fund Balance - Beginning</b>                    | <b>58,841</b>    | <b>58,841</b>    |
| <b>Fund Balance - Ending</b>                       | <b>\$ 22,785</b> | <b>\$ 42,693</b> |

| ACTUAL AMOUNTS<br>(BUDGETARY BASIS) | VARIANCE WITH<br>FINAL BUDGET -<br>POSITIVE (NEGATIVE) |
|-------------------------------------|--|
|-------------------------------------|--|

|    |        |    |        |
|----|--------|----|--------|
| \$ | 91,690 | \$ | 18,558 |
|    | 197    |    | (103)  |
|    | 216    |    | 116    |
|    | 328    |    | 328    |
|    | 92,431 |    | 18,899 |

|        |       |
|--------|-------|
| 26,275 | 5,675 |
| 24,225 | 9,675 |

|       |      |
|-------|------|
| 1,725 | (40) |
|-------|------|

|       |         |
|-------|---------|
| 3,830 | (1,920) |
|-------|---------|

|       |     |
|-------|-----|
| 1,955 | 480 |
|-------|-----|

|       |      |
|-------|------|
| 6,600 | (25) |
|-------|------|

|       |       |
|-------|-------|
| 1,760 | 1,000 |
| 3,445 | 575   |
| 465   | 260   |

|       |     |
|-------|-----|
| 3,320 | 400 |
|-------|-----|

|        |        |
|--------|--------|
| 73,600 | 16,080 |
|--------|--------|

|        |        |
|--------|--------|
| 18,831 | 34,979 |
|--------|--------|

|       |       |
|-------|-------|
| (328) | (328) |
|-------|-------|

|        |        |
|--------|--------|
| 18,503 | 34,651 |
|--------|--------|

|        |         |
|--------|---------|
| 51,308 | (7,533) |
|--------|---------|

|    |        |    |        |
|----|--------|----|--------|
| \$ | 69,811 | \$ | 27,118 |
|----|--------|----|--------|

WESSINGTON SPRINGS SCHOOL SCHOOL DISTRICT NO. 36-2  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2009

1. BASIS OF PRESENTATION:

The financial statements prepared in conformity with accounting principles generally accepted in the United States of America present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the budgetary Required Supplementary Information Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

2. BUDGETS AND BUDGETARY ACCOUNTING:

The School District followed these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year. The proposed budget is published for public review no later than July 15 each year. Public hearings are held to solicit taxpayer input prior to the approval of the budget. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- b. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in Item (d).
- c. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
- d. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.

WESSINGTON SPRINGS SCHOOL DISTRICT NO. 36-2  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2009

2. BUDGETS AND BUDGETARY ACCOUNTING: (CONT' D)

- e. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds.

No encumbrances were outstanding at June 30, 2009.

- f. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- g. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).